

What is a Community Benefit District?



Marco Li Mandri, president of New City America, Inc.

The Uptown/Lake Merritt District Association and Downtown Oakland Association are Community Benefit Districts—public private partnerships—enabled by local legislation and created to provide special enhanced services to their respective areas of Oakland. Marco Li Mandri, president of San Diego-based New City America Inc., worked with business owners in both districts to form the CBDs in the summer of 2008 and now helps manage the associations as their executive director. Li Mandri has been involved in business-district revitalization since 1993 and his company has established 54 business improvement districts and community benefit districts in cities throughout the United States.

We asked Li Mandri to discuss the current trend in the United States toward creation of CBDs and other improvement districts and what makes them work.

What is a community benefit district? What is the difference between a community benefit district and a business improvement district?

A community benefit district is a public-private partnership formed under the same principles and legislation as a business improvement district, but whereas a BID focuses mostly on business within a district, a CBD acknowledges that all land uses, not simply businesses, benefit from the revenue flow generated by the assessment district. This is important today because more of our downtown neighborhoods are populated by residential buildings. In Oakland, the two CBDs represent many public entities and non-profits as well as for-profit businesses, so the CBD concept was particularly appropriate.

When did community benefit districts start appearing in the United States? Why?

Community benefit districts were first developed in Maryland in the 1980s, but BIDs date back to the early 1970s in Toronto. Local merchants banded together to form an association dedicated to reviving

business along a fading commercial corridor known as Bloor Street West. New Orleans established the first American BID in 1974, but the U.S. really experienced tremendous growth in BIDs in the 1990s, when almost 60 percent of the BIDs now in existence were formed.

Can several CBDs exist within a single city?

Yes. There are nearly 1,000 BIDs in the United States including one covering Capitol Hill in Washington DC. Toronto now has 65 such districts in its city limits, one more than New York City. Certainly, several community benefit districts can co-exist within a single city, as Oakland has shown. The Lake Merritt/Uptown and Downtown Oakland associations are a

tremendous example of two CBDs with shared goals working together to benefit a broad swath of downtown Oakland. Oakland has six BIDs and three CBDs. San Francisco has eight CBDs, one BID and a tourism improvement district (TID). CBDs are really the BIDs of the 21st century because our downtowns are becoming more residential.

What kinds of services can or should the CBD supply?

Residents, property owners and businesses in the district must have a clear need for services that are over and above the general benefit services provided by the city. That said, there are a vast variety of services that can legally be funded by CBDs. As a property assessment district, a CBD must “confer special benefit to real property owners,” according to California law. Normally, these services represent special benefits geared toward order and cleanliness in the district such as daily sidewalk cleaning, removal of trash and teams to remove graffiti. Other services that CBDs could provide include security, beautification, marketing and promotion, special events, business attraction, district identity and administrative oversight.

Aren't CBDs taking over services that cities traditionally provide through taxes?

City-funded services are known as general benefit services and are supposed to be provided proportionally throughout the city. At times, a city may provide enhanced general benefits for a downtown or key commercial area, but those are funded on a year-to-year basis. Oakland is really just a microcosm of what is happening throughout the United States. Cities are reducing general benefit services due to local and state budget cuts, declining revenue, growing pension obligations and deteriorating infrastructure, and this historic decline in city services is feeding the demand for special benefits in order to maintain the value of commercial and residential properties.

What's the most critical issue in forming a CBD?

Without doubt, timing. In Downtown Oakland and Lake Merritt/Uptown, the timing was perfect. Property owners and businesses were ready to come together and unite in a common goal. Having that energy in place was critical. I'd also say that execution is another key factor. Forming the district is one thing; management is something else completely. In my experience, the failure of most existing BIDs and CBDs is that they are not managed properly or results-oriented. Despite the history behind CBDs, this is still pretty much a new field, so training is mostly on the job for staff running these districts. ●

